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BUREAU OF HEALTH AND NUTRITION SERVICES AND
CHILD/FAMILY/SCHOOL PARTNERSHIPS
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TO: Child and Adult Care Food Program (CACFP)
Day Care and Head Start Sponsoring Organizations

FROM: Maureen Staggenborg, Director
Child Nutrition Programs

DATE: August 8, 2005

SUBJECT: Operational Memorandum #16C-05
Documenting Reasons for Block Claims by Child Care Centers

Sponsoring organizations in the Child and Adult Care Food Program are organizations that administer the CACFP for more than one affiliated day care center, one or more day care homes or unaffiliated centers, or any combination of homes and day care centers. Effective October 1, 2005 CACFP sponsoring organizations must comply with new regulatory requirements pertaining to conducting unannounced monitoring reviews of facilities as a result of a "block" claim. A block claim is a claim with no variation in meal counts, for any single meal type or combination of meal types, for any continuous 15 day period within the claim month. The purpose of this memorandum is to provide additional guidance regarding the requirement to conduct unannounced follow up reviews required within 60 days of the submission of a block claim.

Sponsors must conduct an unannounced follow up review each time a facility submits a block claim. However, if a sponsor is able to determine and document that there is a valid reason for the block claim, the sponsor is not required to conduct another "block claim related" unannounced follow up review of the facility for the remainder of that annual review cycle. The U.S. Department of Agriculture (USDA) has determined that the intent of this requirement can be met, under certain circumstances, by permitting sponsors to evaluate and document the reason for a block claim prior to its submission. This will enable sponsoring organizations to provide effective oversight of Program integrity, while also promoting efficient use of sponsor resources.

Therefore, beginning with monitoring reviews conducted on or after August 1, 2005:

- **If** a sponsor conducting an unannounced review of a facility observes a block claim in the facility's meal/menu records,
- **and** the sponsor is able to determine and document that a valid reason exists for the block claim,
- **then** the sponsor will be exempt from conducting the follow up review, normally required to be conducted within 60 days of detecting the block claim, for the remainder of the current review year.

It is important to note that this guidance applies only to situations where the sponsoring organization determines the cause of a block claim during an unannounced review conducted **prior** to the facility's first submission of a block claim during the current review year. If a sponsor receives a meal count/claim from a facility that includes a block claim, the cause of which has not been determined prior to its submission, the sponsor must conduct an unannounced review of the facility within 60 days of receipt of its meal count/claim.

It is also important to clarify the meaning of "the remainder of the current review year." To provide some relief to sponsors in the initial stages of implementation, if a block claim is determined to be valid during August or September of 2005, the sponsor is exempt from conducting "block claim related" unannounced reviews through the remainder of the current review year ending on September 30, 2005. In addition, for the review year that runs from October 1, 2005-September 30, 2006, if a facility's block claim is determined to be valid in August or September 2005, the sponsor would be exempt from conducting the required 60 day unannounced monitoring visit of that facility until another block claim is detected on or after October 1, 2006.

USDA has stressed that "valid reasons" for the existence of a block claim that would exempt the sponsor from conducting additional unannounced follow up reviews for the 12-month period are limited to those reasons discussed in the preamble to the interim rule (69FR 53501, September 1, 2004). The reasons for a block claim identified prior to the submission of a block claim must be specific to the facility, and well-documented. Refer to the enclosed *Questions and Answers* for further guidance on block claims.

Please contact Susan Boyle at (860) 807-2074, Celia Cordero at (860) 807-2076 or Benedict Onye at (860) 807-2080 if you have any questions.

Enclosures

Questions and Answers
Child and Adult Care Food Program
2nd Interim Rule on Management Improvement
Block Claims

1. How is “block claim” defined in the 2nd Interim Rule?

The 2nd Interim Rule defines “block claim” as a claim on which the number of meals claimed by a facility for one or more meal types is identical for 15 consecutive days within a claiming period. For facilities that serve meals on weekdays only, the block claim edit check would be triggered when the facility claimed the same number of meals for one meal type for three consecutive weeks within the same claiming period. For facilities that serve meals on weekdays and weekends, the block claim edit check would be triggered when the facility claimed the same number of meals for one meal type for just over two weeks within the same claiming period.

2. What should a sponsoring organization do when it finds a block claim?

The sponsor must conduct an unannounced review within 60 days (or within 90 days if granted an extension by the State agency), to examine the facility’s meal counts and to validate the facility’s claims for reimbursement. As part of this review, the sponsor should examine several months of claims to see if there are any suspicious patterns, prior to conducting the review, and should reconcile enrollment, attendance, and meal counts for five or more days during the review.

3. If the unannounced review or other follow-up activity conducted by the sponsor indicates that the facility’s meal count was not valid, must the facility be declared seriously deficient?

Not necessarily. The sponsor will need to evaluate the severity and frequency of the problem, and attempt to determine why the inaccurate claim was submitted. If the facility is new, or if the sponsor believes that there are other reasons that the facility did not understand how to properly record meal counts, the sponsor may decide that additional training and oversight will correct the problem, without a declaration of serious deficiency.

4. What is acceptable documentation of a legitimate reason for a block claim?

A note placed in the sponsor’s monitoring file should be adequate. The sponsor must put enough information in the review file to explain why a facility might regularly submit block claims for a specific meal service, or why there might be block claims submitted for all of its meal services. ***Note: The Monitoring Review Form has been revised as of 8/05 to include a question addressing block claim reviews and the documentation of legitimate reasons for the submission of a block claim. This form is enclosed and should be used immediately. All earlier versions of the Monitoring Review Form, including the 11/04 revision, should be discarded.***

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5. What are legitimate reasons for block claims?

Statements such as “the facility provides drop-in care so that it is always filled to licensed capacity on each day it is opened” or “it is the institution’s policy to accept children even when they are ill” would reasonably explain the occurrence of a block claim. However, statements such as “children are never sick” or “institution has legitimate reasons” would not provide enough information to justify the occurrence of a block claim.

6. What is the purpose of requiring an unannounced review within 60 days of discovering a block claim (or 90 days if an extension is granted by the State agency)? Wouldn’t the conduct of household contacts be more effective in determining whether a block claim is accurate?

The purpose of this requirement is to ensure that sponsors identify and address potentially serious claiming problems as early as possible, and to speed up the performance of unannounced reviews at those facilities that have submitted block claims. It is intended to provide the sponsor with additional information about the integrity of the facility’s claim, which can supplement other follow-up methods that the State agency requires, including household contacts.

7. Does investigating a block claim mean that the sponsor will have to conduct more than three reviews of the same facility?

No, in most cases, it is expected that the unannounced review resulting from a block claim edit check can be one of the three regular reviews that the sponsor must conduct. The point of the edit check is not to add an additional review burden. Rather, its purpose is to target resources to, and to address and resolve, potential claiming problems sooner, rather than later. However, in order to count one of the three required reviews, the unannounced review triggered by the block claim edit check must be complete. That means it must be comprehensive and cover all of the review elements required at §226.16(d)(4)(i) and (ii).

8. If, during a single review year, the sponsor has examined the reason for a block claim, must the sponsor conduct an additional unannounced review following the detection of yet another block claim?

No, if the documented explanation of the first occurrence of a block claim is sufficient to explain subsequent block claims, an additional unannounced review is not required.

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- 9. Does the block claim edit check have to be conducted by both the State agency and the sponsor?**

No, the edit check has to be implemented by the sponsor. However, its implementation must be reviewed by the State agency, as part of the State agency's normal review of the sponsor's claims process.

- 10. Does the unannounced review have to include observation of the meal service that triggered the block claim edit check?**

USDA recommends that whenever possible, the unannounced review triggered by the block claim include an observation of the meal service that was "block-claimed."

- 11. For sponsored centers, does the sponsor's edit check have to determine whether the entire center submitted a block claim, or whether any individual classroom within the center submitted a block claim?**

The center sponsor's edit check must determine whether the aggregate meal count submitted by the sponsored center met the definition of a block claim.

- 12. It has been our experience that in conducting reviews that Head Start centers serve meals to all enrolled children on each day that they are open. Doesn't this mean that Head Start centers will always be identified by this edit check as submitting "block claims" that are, in fact, legitimate?**

Based on discussions with Head Start personnel at the Federal level, it has been determined that due to illness and other reasons, almost no Head Start classroom, much less an entire center, would ever serve the same number of children for 15 consecutive days.